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PLL Disclosures for Schools–Delayed Implementation


- Some HEOA PLL disclosure requirements for schools are subject to **delayed implementation**
 - ✓ **18 months after August 14, 2008**
 - Additional disclosure requirements to prospective borrowers
 - Annual Report to USDE



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PLL Disclosures for Schools–Delayed Implementation


- Federal Reserve must develop regulations for disclosures a private lender must provide to a school who places that lender on its private PLL
- USDE will require FFELP lenders to provide loan disclosures to schools annually
- USDE must develop a model disclosure form for school use in providing student disclosures and the annual report to USDE



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PLL Disclosures for Schools–Delayed Implementation


- Annual report to USDE will include:
 - ✓ Lender-provided federal and private loan disclosure information
 - ✓ Why a school chose each lender on its FFELP or private PLL


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What follows are state and federal
 PLL disclosure requirements that are
in effect now



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School Duty in Compiling a PLL


- Federal law stipulates that, in compiling a preferred lender list, a school must –
 - Exercise a duty of care
 - Exercise a duty of loyalty to students
 - Act without prejudice (bias)
 - Act with only the benefit of students in mind


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FFELP & Private PLL Disclosures for Schools

- WHAT
 - 1 – **METHOD** you used to select lenders
 - ✓Method is undefined – you decide
- WHERE/HOW
 - On the list
 - Prominently


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XYZ Educational Loan**

- Interest Rate:
- Borrower Benefits:

** Not an affiliate with any other lender listed

PLEASE NOTE: You do not have to borrow from one of the lenders listed above. You have the right to choose any lender.

Important! Please read our Preferred Lender List Disclosure:

Commission University chose these lenders by reviewing the following criteria (these are in order of importance) in an unbiased manner:

1. Previous lender service to borrowers
2. Previous lender service to Commission University
3. Loan processing (for example, speed of loan approval and disbursement, error resolution)
4. Borrower Benefits (for example, lender payment of fees, interest rate reductions for on-time payment, or targeted loan forgiveness programs)
5. Terms and conditions of the lender's loan products (for example, interest rate, options for repayment length, payment plans, postponing repayment, or loan discharge)

The review was performed by the financial aid staff at Commission University on 02/18/2009. The Commission University financial aid staff review this criteria annually to ensure that our students receive the best possible service and benefits associated with their federal and private

Method

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FFELP & Private PLL Disclosures for Schools

- WHAT
 - **2 – CRITERIA** you considered when evaluating PLL candidates, for example –
 - ✓ Payment of fees
 - ✓ Competitive interest rates
 - ✓ Other borrower-friendly loan terms
 - ✓ High quality servicing
 - ✓ Others? – you decide
- WHERE/HOW
 - On the list
 - Prominently

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XYZ Educational Loan**

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- Borrower Benefits:

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Criteria

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FFELP & Private PLL Disclosures for Schools

- WHAT
 - 3 – **WHY** you selected each lender, in particular –
 - ✓Borrower-friendly loan terms and conditions
 - ✓Other favorable provisions
- WHERE/HOW
 - On the list

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resolution)

4. Borrower Benefits (for example, lender payment of fees, interest rate reductions for on-time payment, or targeted loan forgiveness program)

5. Terms and conditions of the lender's loan product (including interest rate, options for repayment length, payment plans, postponing repayment, or loan discharge)


Why

The review was performed by the financial aid staff at Commission University on 02/18/2009. The Commission University financial aid staff review this criteria annually to ensure that our students receive the best possible service and benefits associated with their federal and private educational loans. It is Commission University's belief that each lender's record of service to borrowers is of utmost importance because a long term relationship exists between a loan borrower and the lender that could last up to 25 years.

If you would like to research other educational loan options, [click here](#) to review other lenders who offer educational loans to students attending Iowa's colleges and universities, and their parents. This site does not provide an all-inclusive, national list of educational loan lenders. For that reason, you should also conduct your own web-based search. Commission University does not recommend or endorse any lender on this site, except those identified on our Preferred Lender List.

Commission University respects a borrower's right to lender choice and will not in any way deny or otherwise impede a loan application certification for a borrower who chooses a lender not listed on the Commission University Preferred Lender List. Each lender on our Preferred Lender List has agreed to provide an expedited loan application and disbursement process for

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FFELP & Private PLL Disclosures for Schools

- WHAT
 - 4 – **AFFILIATION**
 - ✓For *each lender*, whether that lender is unaffiliated with every other lender on the list
 - ✓If there is an affiliation, provide details
- WHERE/HOW
 - On the list

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Company Bank*** 778899 Details of Affiliation: "Company Bank is the parent company of XYZ Bank."

- Interest Rate:
- Borrower Benefits:

Sunny Tru*** 563515

- Interest Rate:
- Borrower Benefits:

Two Rivers Bank** 134679

- Interest Rate:
- Borrower Benefits:

Western Iowa Financial Services** 987654

- Interest Rate:
- Borrower Benefits:

XYZ Bank*** 111111 Details of Affiliation: "XYZ Bank is a wholly-owned subsidiary of Company Bank."

- Interest Rate:
- Borrower Benefits:

*** Not an affiliate with any other lender listed
 *** Affiliate with another lender on list

PLEASE NOTE: You do not have to borrow from one of the lenders listed above. You have the right to choose any lender.

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Lender Affiliation

- PLL must contain at least **3** unaffiliated lenders
 - 3 unaffiliated FFELP lenders
 - 3 unaffiliated private lenders (state law)


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Lender Affiliation


- **Now** – collect and retain a lender affiliation statement *from each lender*
 - Model affiliation inquiry letter is available from Iowa College Aid
 - Verbal statement is *insufficient* (USDE)
- Future – use USDE's regularly updated list of lender affiliates

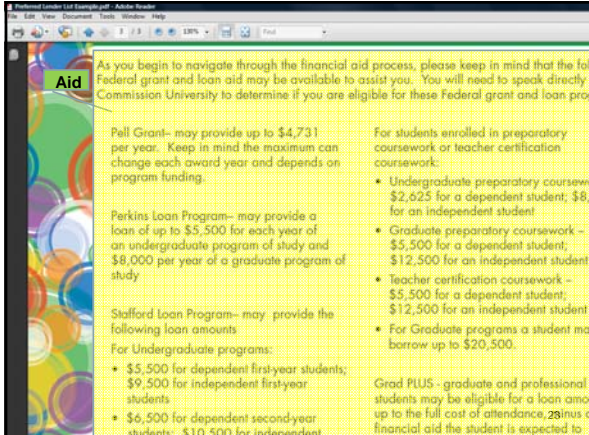
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FFELP & Private PLL Disclosures for Schools

- WHAT
 - **6 – AID**
 - ✓ The maximum Pell Grant and Title IV loan aid available to students attending the institution
- WHERE/HOW
 - On the list



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FFELP & Private PLL Disclosures for Schools


- 6 disclosures that **must** be **on the list**
 - **Method**
 - **Criteria**
 - **Why each lender was selected**
 - **Affiliation – unaffiliated, or if affiliated, details**
 - **Choice**
 - ✓ Borrower may choose a non-PLL lender
 - ✓ For FFELP only – you will process any eligible lender's application
 - **Aid available – maximum Pell Grant and Title IV loan aid available to students attending the institution**


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FFELP & Private PLL Disclosures for Schools

- WHAT
 - **COMPARATIVE INFORMATION**, at minimum –
 - ✓ Interest rates
 - ✓ Borrower benefits
- WHERE/HOW
 - No prescribed location
 - Many schools disclose on the list
 - We suggest a disclaimer: “current as of _____”

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FFELP & Private PLL Disclosures for Schools

- WHAT
 - Maximum amount of Pell Grant and Title IV loan aid available to students attending the institution
 - FFELP only – you will process any eligible lender's application
- WHERE/HOW
 - On your website
 - In any publication, mailing, or electronic message that discusses or describes education loans

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Private PLL Disclosures for Schools


- WHAT
 - Available state financial aid options
 - Available Title IV financial aid options
 - Terms and conditions of Title IV loans that are more favorable than private loans (state law)
- WHERE/HOW
 - No prescribed location

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Other FFELP & Private PLL Requirements

- PLL Updates
 - At least annually
 - If you have more than one FFELP or private PLL (e.g., a private PLL for undergraduate students and another private PLL for graduate students), update *each* PLL at least annually
- Present private loan information in a manner that is distinct from Title IV loan information


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Other FFELP & Private PLL Requirements

- You cannot deny a borrower's choice of lender, or cause unnecessary certification delays
 - Prohibited for both FFELP and private loans
- You cannot assign a first-time borrower to a particular lender
 - Prohibited for both FFELP and private loans

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PLL "Safe Harbor"

- Until at least July 1, 2009 –
 - USDE & IA AG will take into consideration cases when a school developed a compliant PLL with 3 unaffiliated lenders, but the list is subsequently reduced to less than 3 unaffiliated lenders because one or more of the original 3 lenders exited education lending, or notified the school that it would no longer make loans for attendance at that school

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Lender List Alternatives


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Alternative 1 No List


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No List

- Make it clear to borrowers that –
 - You do not endorse any lender
 - A borrower may choose any lender
- Use the simple statement, “You must select your lender. The aid office cannot do so for you.” (USDE)



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No List

- Encourage web-based searches
- Suggest impartial lender selection criteria, for example –
 - Borrower benefits
 - Customer service
 - Limits on loan sale
 - Prior business dealings with family/friends
 - Consumer complaints to AG or BBB
 - Lender's default rate
 - Prior loan program experience


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Alternative 2

List of Willing Lenders


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Willing Lender List

- Limited applicability
- Conditions for using this list –
 - You attempt to develop a PLL
 - You are unable to identify three unaffiliated lenders for a PLL


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Willing Lender List


- Provide names of lender(s) willing to make loans for attendance at your school
- Required disclosures on the list –
 - You do not endorse any lender
 - A borrower may choose any lender
- A “willing lender list” is not another type of preferred lender list

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Alternative 3 Historical Lender List


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Historical Lender List

- Most popular alternative to a PLL
- Perhaps the most confusing alternative to a PLL
- A “historical lender list” is not another type of preferred lender list


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Historical Lender List

- **Neutral, comprehensive** list of **all** lenders who have previously made (and are still willing to make) loans for attendance at the school
 - Select lenders who have made loans during the past 3-5 years or other reasonable period
 - Include lenders who remain active in the program (i.e., FFELP or private) for which you are developing the list
 - Include lenders who remain willing to make loans for attendance at your school (not those who have notified you of a lending policy that excludes your borrowers)


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Historical Lender List

- Comprehensive historical lender list (cont.)
 - You must not include additional information about volume, percentage of loans, or number of students previously served by the lender
 - You must not remove lenders from the list based on low volume, percentage of loans, or number of students the lender previously served
 - Do not rank by volume, or list by preference


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Historical Lender List

- Required disclosures on the list
 - You do not endorse any lender
 - A borrower may choose any lender
 - The period used to select lenders for the list
 - ✓ Example – 06-07 through 08-09 academic years


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Publications & Scripts


- Whether you use a PLL or another lender list alternative, be sure your lender list policies and any required disclosures are reflected accurately in –
 - College publications
 - Student consumer information
 - Website information
 - Call-taker scripts

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Your questions answered


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PLL – Affiliation

- If there are more than 3 lenders on my PLL, must they ALL be unaffiliated?
 - Example – I have 7 lenders on my PLL. 3 are unaffiliated. Must **all 7** be unaffiliated?
- NO.** The example above is **acceptable** – 7 lenders on the PLL, of which 3 are unaffiliated with any other lender on the list.


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PLL – Comparative Information

- For a PLL, I know I must provide prospective borrowers with comparative information – at minimum, interest rates and borrower benefits offered by each lender on my PLL.
Instead of providing details, may I provide a link to each lender's website where a prospective borrower could obtain this information?
- NO.** State law explicitly requires you to disclose comparative information; at minimum, interest rate and borrower benefits.


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Historical Lender List

- If I provide a comprehensive list of lenders who have made (and are willing to make) loans for attendance at my school over the past 3-5 years (or other reasonable period), must I disclose comparative information (interest rates and borrower benefits)?
- NO.** Disclosure of comparative information is required only for a PLL. A historical lender list is not a PLL.


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Historical Lender List


- May I include comparative information (for example, interest rates/borrower benefits) for the loans offered by the lenders on my historical lender list?
- NO.** This answer has changed since the workshops. This answer reflects updated guidance received on 3/10/08.


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Historical Lender List


- May I include only “frequently used” lenders on my historical lender list?
- NO.** The list must include all lenders who have made (and are willing to make) loans for attendance at the school during a given period (3-5 years or another reasonable period). Limiting the list to “frequently used” lenders, based on numbers of students served or volume, infers preference and may invoke preferred lender list requirements.



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Historical Lender List


- May I exclude from my historical lender list a lender(s) who provides my school and/or my students with poor customer service?
- NO.** Limiting the list to lenders who meet a minimum customer service quality standard infers preference and may invoke preferred lender list requirements.


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Historical Lender List

- Is there a “de minimus” number (e.g., 5 loans) or volume that would permit me to exclude a lender from my historical lender list?
- NO.** Exclusion of any historical lender who is willing to make loans for attendance at the school infers preference and may invoke preferred lender list requirements.



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Historical Lender List

- May I include on my historical lender list a URL for the lender's website?
- YES.** This is contact information, similar to address or toll-free telephone number.


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Historical Lender List

- I received notice from a lender prohibiting me from including its name on my historical lender list.
May I remove the lender's name from my list?
- YES.** Retain a record of the lender's notice prohibiting you from including its name on your historical lender list.

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Historical Lender List

- Not all of my historical, private lenders will make loans to my foreign students.
May I designate, for each lender on my historical lender list, "Domestic Students", or "Domestic & Foreign Students", or "Indian Students" (e.g., Bank of India)?
- YES.** There is no preferential treatment occurring, only an indicator of a lending policy.


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Historical Lender List


- May I include a new, willing lender (e.g., one that is new to education lending or has just begun serving my area) to my historical lender list?
- YES**
 - ✓ Include any new, willing lender (no selectivity)
 - ✓ **Expand the explanation of the list's content:** historical lenders or new lenders that have recently indicated a willingness to lend

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Your questions – pending guidance


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Loan Comparison Sites

- May I provide a URL for a private, third-party loan comparison site (as a supplement to a PLL, other list, or in place of a list)?
- ? – pending response

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Other questions?

Did you bring a lender list for one-on-one review and discussion?


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